

CIA HISTORICAL REVIEW PROGRAM ~~TOP SECRET EYES ONLY~~
RELEASE AS SANITIZED

18 May 1954

~~Goodbourn~~

~~CONFIDENTIAL~~

MEMORANDUM FOR:

SUBJECT : Progress Report - PESUCCESS for the Period 11-17 May 1954

I. Operational

The following events of operational significance occurred during the reporting period:

- A. Fourteen black flights were completed into [] carrying a total of 72,294 pounds of category one and two material. One additional black flight was made from Andrews Air Force Base to Miami carrying sensitive material.
- B. The SS WULFSBROOK, sailing under West German registry and believed to be carrying contraband arms for the Guatemalan Government, was closely inspected upon arrival at San Juan, Puerto Rico, at which time no arms or ammunition were found. However, on 15 May 1954, the ALFHEM arrived at Puerto Barrios, Guatemala, carrying arms and ammunition consigned to the Guatemalan Government. An attempt will be made to sabotage the train carrying the arms and ammunition, somewhere between Puerto Barrios and Guatemala City.
- C. [] returned to Headquarters on 11 May as directed by CWH for consultation re his professional differences with Station Lincoln.
- ~~Southern~~
- D. [] returned from Caracas, Venezuela, on 13 May. Although he was able to make contact with Col. Carlos Enrique DIAZ, Chief of the Guatemalan Armed Forces, he was unable to develop his relationship with DIAZ to the point that a second person could be introduced to attempt DIAZ's defection.
- ~~Southern~~
- E. ~~Reflect~~ [] travelled to [] to expand on the OO debriefing of a member of the Jacobo ARRENTZ family. A full report of the meeting has not been received at Headquarters, but it is understood that [] was able to persuade the individual debriefed to write periodic letters to a secure letter-drop in the United States. This individual will report on Communist activities in high Guatemalan Government circles.
- F. [] has been placed in a [] through the efforts of [] Final settlement in [] will be handled by Chief, Administration, PESUCCESS, within the next two weeks. []

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- G. Indications are that the political crisis in Honduras has abated to a degree at least. The decision by the United Fruit Company to negotiate with labor has done much to stabilize the situation.

II. Security

- A. A CALLIGERIS man, documented as Anibal DUARTE, was jailed for drunkenness in Managua the night of 14 May but was later released on bail. On the night of 15 May a similar incident occurred when Javier MOLINA appeared drunk at a safehouse prior to his departure for Scranton. MOLINA was unable to remember his alias and hence filled out his immigration form on the plane in true name and revealed his Guatemalan identity. This error was discovered prior to deplaning, and the form was not turned over to Nicaraguan authorities. However, since MOLINA could not remember his name in Nicaragua, the immigration officer had to copy it from his passport. It was later determined that MOLINA does not know International Morse Code. For this reason his immediate return to Tegucigalpa has been requested.
- B. On 14 May 1954, cable traffic indicated that the tapes made in Headquarters of the ^{debriefing} were shipped to Station Sherwood by mistake. ^{advised} by telephone that he is conducting a thorough investigation to determine how the error was made. To the best of ^{knowledge}, the debriefing tapes had been secured in an office apart from the mailroom at Lincoln.
- C. ^{advised} was returned to Headquarters for reassignment ^{may} during the period. An unofficial report indicates that ^{has directed that} be a serious security problem. ^{Goodbourne} personally handle the case with Chief, Security Office, and Chief, Medical Office.
- D. It is pertinent to note that cable traffic from Guatemala City indicates that Graham L. PAGE, the high level defection agent, intends to rely on a member of the diplomatic staff in the Guatemala City Embassy for protection rather than on the bodyguard assigned him for protection prior to his departure from Headquarters for Guatemala City. Inasmuch as this is a departure from established procedure and in contravention of Department of State policy, it is felt that the matter should be brought to the attention of Chief, PBSUCCESS.

III. Administrative Support

- A. Personnel
1. [] , GS-5 Secretary, departed Headquarters on 16 May and will arrive at the Guatemala Station on 17 May for duty.
 2. [] , GS-5 Secretary, will arrive in Tegucigalpa on 18 May for assignment as confidential secretary to the Ambassador, Honduras.

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17 JULY

3. [] , Assistant Security Officer, Station Lincoln, is resigning effective 28 May. The Security Office has been requested to furnish a replacement for approximately 60 days TDY at Station Lincoln.
4. [] has been selected by CWH for the position of Operations Officer at the Guatemala Station. CWH's action was conditioned to the extent that [] is now in training, will complete his training on 28 May. It is expected that he will depart Headquarters during the first week in June; Station Lincoln has been advised.
5. The Headquarters staff is expected to enter on duty two additional clerks within the next ten days.

B. Finance

1. The DD/P approved the establishment of a [] bank account in New York for use by [] Arrangements have not been completed pending the receipt of appropriate signature cards and declaration of trust.
2. [] has requested an additional [] be deposited to his account at Chase National Bank. These funds are in connection with "K" Program, PBSUCCESS.
3. [] was hand carried by [] to Lincoln on 15 May. These funds are to bring Station operating funds to the maximum reserve authorized.
4. [] , Finance Officer for the Project, visited Lincoln on 5 May for the purpose of discussing future requirements and current accountings. [] and [] informed that while they were making an attempt to obtain receipts from the indigenous organization, they understood that receipts obtained by Staff personnel for funds passed to CALLIGERIS were sufficient and that no further accounting would be necessary. This matter is mentioned here to point out that [] , in his memorandum of 9 December 1953, charges CWH with certifying to the Finance Division that he has in his possession receipts and documents for all funds expended. A separate memorandum will be submitted for determination and opinion from appropriate officials as to which point accountability may be dropped. In accordance with instructions from [] sought information from Lincoln as to funds required for the new fiscal year. Lincoln has stated that it is impossible for them to estimate their needs by tasks. They furnished a figure of [] as their requirement to continue to operate during July, August and September. We are now making an analysis of this figure as to what portion will be required for personal services, travel and equipment.

WZ said

Aschman
to []

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C. Logistics

1. Pennants, printed matter and other PP materials were forwarded to Lincoln by air freight during the past week.
2. The arms and ammunition forwarded to the Ambassadors at Guatemala and Honduras have arrived at FJHOPEFUL. Chief of Station, Lincoln, is arranging for further shipment to destination.

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